

**WASHINGTON, D.C.**—Today, Congressman Jim Costa (D-Fresno) made the following statement at a full committee hearing of the House Committee on Financial Services. The hearing was on the Economic Disaster Area Act legislation written by Congressman Dennis Cardoza (D-Merced) and Costa.

*Statement as prepared for delivery*

“Mr. Chairman: – First, I thank you for holding this hearing regarding this important piece of draft legislation. It is my hope that the committee will see fit to assist in its swift consideration and passage. I’d also like to thank my good friend and colleague, Mr. Cardoza for drafting this legislation. He and his staff have spent many hours fine-tuning this draft, and I very much appreciate their hard work.

“As you are well aware, our nation has been ravaged by the recession from coast to coast. However, certain areas have been hit much harder than others. For instance, in my district three years of drought conditions combined with a meltdown in the dairy industry have resulted in staggering job losses. Combined with the nationwide stresses on the housing industry my district has seen high rates of home foreclosure and food lines that stretch for blocks and still fail to meet the needs of the hungry.

“This legislation provides communities with the tools they need to weather fiscal storms. Formula-based spending often fails to take into account extenuating circumstances at the local level. This bill would provide the President with the ability to declare certain counties ‘Economic Disaster Areas’. These Economic Disaster Areas would be eligible for targeted relief for job creation programs, economic development projects, and rehabilitation of low-income housing units - helping put people back to work and revive local economies. It is important to note that this legislation would not ‘rob’ other communities of their allocated funds, but supplement them

when extenuating circumstances warrant this. While they happen more slowly than traditional natural disasters, economic disasters are no less devastating, no less disruptive to local areas. The damage of a hurricane, a tornado or tsunami may be more obvious, but it is no more damaging than an economic disaster like the Central Valley is experiencing right now as a result of three years of drought conditions, a crisis in the dairy industry and the collapse of the housing market.

“This is a powerful solution for areas like mine where unemployment has shot past 15 percent at the county level, and where some cities are seeing more than 40% of their residents without work. The ability to undertake pending projects, put people back to work, and keep them from losing their homes is exactly what is needed at this juncture.

“The Central Valley of California is certainly not the only area that has been recently ravaged by the nationwide recession combined with local extenuating factors. For instance, certain counties in Michigan which have been severely impacted by the turmoil within the domestic automotive industry could benefit from this legislation. For a period of two years, The President could declare the affected counties

*Economic Disaster Areas*

much like he could declare an area-specific emergency after a natural disaster. Those powers were provided by the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This will give the needed time for the area to combat the economic devastation. Especially in regions that rely heavily on one industry to power their economy, this time to rebuild is very much needed. I believe that, while not the silver bullet to combat the regional economic challenges across our nation, this legislation is an important tool in the process. When local and state governments lack the capacity to provide relief, the federal government should assist these efforts.

“I’d like to urge the support of all members of the committee and also appreciate any insight about concerns they may have with the draft language. I’d like to thank Chairman Frank and Ranking Member Bachus for allowing me to testify on behalf of this meritorious legislation, and I will be happy to answer any questions you may have.”